VZCZCXRO7210 PP RUEHFK DE RUEHKO #7019 3520216 ZNR UUUUU ZZH P 180216Z DEC 06 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 9152 RUEKJCS/SECDEF WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY RHHMHBA/COMPACFLT PEARL HARBOR HI//N541// PRIORITY RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY RHMFIUU/COMUSJAPAN YOKOTA AB JA PRIORITY INFO RUEHFK/AMCONSUL FUKUOKA 9195 RUEHOK/AMCONSUL OSAKA KOBE 2626 RUEHBJ/AMEMBASSY BEIJING 5204 RUEHMO/AMEMBASSY MOSCOW 1425 RUEHUL/AMEMBASSY SEOUL 1296 RUCNDT/USMISSION USUN NEW YORK 2774 RHEHAAA/NSC WASHDC

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SUBJECT: MEDIA REACTION - US-CHINA STRATEGIC DIALOGUE - TOKYO

LEAD STORIES: Top stories Monday morning included the practical start of the six-party talks on Sunday in Beijing.

11. "US, China Reach Basic Agreement at Strategic The business-oriented Nikkei editorialized (12/18): "Economic ministers from the US and China held their first strategic economic dialogue last week in Beijing. Although the two nations agreed during the talks to promote cooperation in correcting their trade imbalance, review the value of the yuan, and protect intellectual property rights, Washington and Beijing failed to confirm specific measures or a timeframe for reforms. As some congressional members expressed dissatisfaction with the results of the dialogue, more concrete results should come during the second round of dialogue to be held in Washington in May 2007... It is a positive sign that the US and China discuss global and bilateral economies from a long-term viewpoint, but a failure to come up with specific measures on pressing issues would undermine the framework of the strategic dialogue. China should understand this concern.

SCHIEFFER